United Nations A/62/721

General Assembly

Distr.: General
5 March 2008

Original: English

Sixty-second session
Agenda item 126
Review of the efficiency of the administrative and financial functioning of the United Nations

Comprehensive report on United Nations procurement activities

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the comprehensive report of the Secretary-General on United Nations procurement activities (A/62/525). The Committee also had before it the report of the Office of Internal Oversight Services on the audit of the application of the best value for money principle in United Nations procurement and the related note by the Secretary-General (A/61/846 and Add.1). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. The report provides an update on measures implemented by the Secretariat in response to General Assembly resolution 61/246 relating to the report of the Secretary-General on procurement reform (A/60/846/Add.5 and Corr.1), Assembly resolutions 61/276 and 61/279 and recommendations of the Office of Internal Oversight Services and the Procurement Task Force. The Advisory Committee notes the ongoing audit by the Board of Auditors of procurement activities.

3. The Advisory Committee notes that the Secretary-General intends to submit a comprehensive report on procurement governance for the consideration of the General Assembly at the second part of its resumed sixty-second session that will cover, inter alia, the following outstanding requests made by the General Assembly in its resolutions 61/246 and 61/279 concerning: (a) the management arrangements for procurement, including clear lines of accountability and delegation of authority; (b) the findings of the working group established to examine ways in which the organizational structure could be changed to better align responsibility with authority and to improve the overall control environment for procurement for peacekeeping operations; (c) the respective responsibilities of the Department of

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Management and the Department of Peacekeeping Operations; (d) streamlined procurement procedures for peacekeeping operations in the field, including specific information on mechanisms for strengthened monitoring, oversight and accountability; and (e) the functioning of the Headquarters Contracts Committee and the local committees on contracts (see A/62/625, para. 43).

4. The Advisory Committee notes that the Secretary-General has not yet responded to the General Assembly's requests for reports concerning the division of responsibilities between the Department of Management and the Department of Field Support and on procurement governance. It was informed that those issues would be addressed in the context of the above-mentioned comprehensive report on procurement governance, which is expected to be submitted to the General Assembly in May 2008.

5. The Advisory Committee notes the detailed information provided in the annual report on procurement reform activities and progress achieved thus far (A/62/525). **While the Committee is aware that a full review of procurement reform measures will be possible only once the entire reform programme has been implemented, it encourages the Secretary-General to broaden the scope of the annual report on procurement activities to include more evidence and analysis in order to facilitate the Assembly's assessment of the progress being reported and the impact of the activities accomplished on an ongoing basis. The report should include data and other evidence to substantiate the statements on the progress achieved, information on the mechanisms that have been put into place to monitor progress and ensure that the new procedures implemented are indeed being applied and producing the intended effects, and information on the problems encountered and measures planned to redress them. Inordinate or repeated delays in the implementation of key reform measures should also be explained more fully.**

6. The report of the Secretary-General, dated 6 November 2007, provides information on the Secretariat's procurement activities during the preceding 12-month period. On request, the Advisory Committee was provided with additional information summarizing the status of implementation of the procurement reform programme as at February 2008 (see annex I).

II. Strengthening the internal control mechanism of the procurement function

7. The Advisory Committee was informed that the measures for strengthening internal controls set out in A/60/846/Add.5 were ongoing and that it was expected that the main outstanding tasks would be completed by the third quarter of 2008. A procurement reform implementation team has been established to coordinate the procurement reform agenda for the 18-month period from December 2006 to June 2008.

Ethics, integrity, conflict of interest and procurement procedures

8. The Advisory Committee notes the progress that has been made towards improving the internal control framework in the areas of training on ethics, integrity

and avoidance of conflict of interest and the development of procedures for staff, including:

(a) The development and implementation of a training programme on ethics and integrity in procurement for all staff involved in procurement activities. The Committee was informed that this involved some 1,260 personnel, including procurement staff at Headquarters and in the field as well as in the requisitioning departments, of which some 840, or 67 per cent, have been trained to date. In addition, all staff in the Department of Management, including in the Procurement Division, are required to attend an ethics training course;

(b) Revision of the policy on financial disclosure, which is now required for all staff involved in procurement activities, regardless of function and grade level;

(c) Revision and translation of the Procurement Manual and publication of a revised Manual in English and French on the United Nations procurement website, accessible by staff worldwide, including in field operations. Procedures have been put in place for the regular update and revision of the Procurement Manual on an ongoing basis to ensure that all staff are informed of policy and procedural changes. Upon request, the Committee was provided with a list of proposed procurement manual topics to be revised in 2008 (see annex II);

(d) Translation of the supplier code of conduct into the official languages of the United Nations and its publication on the procurement website, accessible by vendors and Member States;

(e) Establishment of a policy for the management of conflict-of-interest risks, promulgated by the Secretary-General in his bulletin ST/SGB/2006/15 on post-employment restrictions for staff participating in the procurement process, and by revised terms and conditions for tender documents requesting prospective vendors to disclose the recruitment of former United Nations staff;

(f) Redesign of the procurement Internet and extranet websites to communicate better with partners;

(g) Development and roll-out of a procurement training programme for staff involved in procurement activities in peacekeeping operations, at offices away from Headquarters and at Headquarters. The Committee was informed that of some 800 staff targeted, 488, or 61 per cent, have been trained to date. The training programme is planned to be completed by May 2008.

9. The Advisory Committee notes that a provisional rotation policy for staff serving in the Procurement Division is being implemented on a trial basis. It was informed that ethics guidelines for staff participating in the procurement process were under internal review, in consultation with the Ethics Office, the Office of Human Resources Management, the Office of Legal Affairs and the Department of Field Support, and would be issued in a Secretary-General's bulletin in June 2008. The Committee recalls that the Secretary-General had indicated in his report on procurement reform that the guidelines would be issued in 2006 (see A/60/846/Add.5, table 1). **The Committee is concerned about the delay in issuing these key guidelines for staff, given the sensitive nature of matters related to ethics and procurement. It reiterates that every effort should be made to resolve any outstanding issues as a matter of priority and to issue the ethics**

guidelines for procurement staff in the working languages without further delay.

Independent bid protest system

10. A key measure for enhancing transparency in the procurement decision-making process is the establishment of an independent bid protest system outside of the reporting hierarchy of the Procurement Division, providing vendors participating in tenders with a means of disputing procurement-related decisions. This is a matter of long-standing concern. The Advisory Committee recalls that in his proposals on procurement reform, the Secretary-General had proposed to establish such a system by September 2006 (A/60/846/Add.5, para. 17). Upon enquiry, the Committee was informed that the Procurement Division was holding consultations with the Ethics Office, the Headquarters Committee on Contracts, the Office of Internal Oversight Services and the Office of Legal Affairs with the aim of initiating a pilot project in the coming months based on the proposals outlined in the concept paper mentioned in paragraph 38 of the report of the Secretary-General (A/62/525), with special emphasis on resolving the issues of concern outlined in paragraph 39 of the report. **The Committee encourages the Secretary-General to launch the pilot project for the independent bid protest system and to report thereon to the General Assembly, including the experience gained, along with proposals for the implementation of the system across the Secretariat, in the context of the next report on procurement activities.**

Vendor registration/management

11. In the report of the Secretary-General (A/62/525), the activities related to vendor registration are included in section IV, which concerns the optimization of the acquisition and procurement management processes.

12. The Secretary-General reports some progress in vendor registration and management with the establishment of a Vendor Registration and Management Team in the Procurement Division, which became operational in August 2007. The Advisory Committee was informed that the team had reviewed the Division's vendor database, containing some 12,000 entries, determined that up to 50 per cent contained incomplete data and launched a campaign to complete the information in the database, which now contains reliable information on some 6,000 to 7,000 vendors. The clean-up of the vendor database has made it possible to put in place a reporting system to monitor cumulative awards, develop a vendor risk profile and ensure that contracts are awarded to qualified vendors. Furthermore, the database, which is available on the United Nations Global Marketplace website, is now accessible to Member States, along with an annual statistical report, the General Business Guide and information on system-wide procurement notices, contract awards, business seminars and supplier development courses.

13. A number of actions are still pending, including actions concerning:

- A simplified vendor registration process. The Advisory Committee was informed that the Procurement Division had prepared a business case for the simplification and streamlining of a common United Nations vendor registration process through the United Nations Global Marketplace for vendors at Headquarters, offices away from Headquarters and field missions. In addition, there are proposals for the establishment of minimum registration

criteria for local suppliers in field missions. This is a key condition for enabling the expansion of procurement activities in local markets at the start-up of peacekeeping operations. It is proposed to implement the simplified vendor registration process for a six-month trial period, after which it will be adopted Secretariat-wide. The proposal is currently under discussion within the Secretariat, at Headquarters, at offices away from Headquarters and in field missions.

- Suspect vendors. A proposal for sharing information on suspect vendors and guidelines for a common United Nations sanction mechanism against suspect vendors are under preparation by a working group of the High-level Committee on Management Procurement Network and will be presented to the Committee at its March 2008 session for review and approval.

14. **The Advisory Committee notes the efforts made to review and update the vendor database. It recommends that the Secretary-General be requested to accelerate the implementation of the simplified vendor registration process across the Secretariat. It also urges the Secretary-General to pursue discussions within the High-level Committee on Management Procurement Network actively in order to reach an agreement on the proposals regarding suspect vendors and to implement them expeditiously.**

Headquarters Committee on Contracts and local committees on contracts

15. The Advisory Committee notes that the forthcoming report of the Secretary-General on procurement governance will include detailed proposals on the functioning of the Headquarters Committee on Contracts and the local committees on contracts. The Secretary-General's considerations in this regard are outlined in paragraphs 47 to 52 of his report.

16. The Advisory Committee recalls that the secretariat of the Headquarters Committee on Contracts was transferred from the Procurement Division to the Office of the Under-Secretary-General for Management in an effort to segregate duties and processes so as to avoid conflict of interest and increase transparency. The Secretary-General is currently examining the option of increasing the current threshold for the review of procurement cases by the Headquarters Committee on Contracts from $200,000 to $500,000 with a view to improving the effectiveness and efficiency of the functioning of the Committee.

17. The Advisory Committee notes from paragraph 52 of the report that monitoring and evaluation procedures are currently being developed as part of the proposal to increase the delegation of authority, in consultation with the Office of Internal Oversight Services, the Procurement Division and the Department of Field Support. **It requests that the Secretary-General report fully on the implementation of such measures in the context of his next report on procurement activities.**

18. The Advisory Committee was informed that a training programme for the members of the local committees on contracts had been developed, focusing on the procurement and review processes. The training is conducted by members of the Headquarters Committee on Contracts and staff of the Procurement Division. The Committee was also informed that the training had already been delivered to 416 individuals, representing some 52 per cent of the total 800 to be trained.

Accountability and delegation of authority

19. In paragraphs 45 and 46 of his report, the Secretary-General outlined the procedures in place regarding accountability and delegation of procurement authority. **In the view of the Advisory Committee, the narrative sets out the method by which authority is delegated and, in general terms, the desired standard of performance. The Committee recommends that the Secretary-General now be requested to specify how managers would actually be held personally accountable for the proper application of those procedures, the performance of their duties and ethical conduct.**

III. Optimization of the acquisition and procurement management processes

20. The Advisory Committee notes that a Planning, Compliance and Monitoring Section and a Field Liaison Unit have been established to support the optimization of the acquisition and procurement management processes.

Best value for money principle

21. The Advisory Committee notes that, pursuant to General Assembly resolution 60/259, an audit has been conducted by the Office of Internal Oversight Services on the application of the best value for money principle in the procurement activities of the Organization and that the Secretary-General has issued his comments thereon (A/61/846 and Add.1).

22. Financial regulation 5.12 establishes best value for money as one of the general principles that should be given due consideration when exercising the procurement functions of the United Nations. The other three principles are fairness, integrity and transparency; effective international competition; and the interest of the United Nations.

23. As indicated by the Secretary-General in paragraphs 68 to 70 of his report, the policies and guidelines for the application of the best value for money principle in procurement are still evolving and have not yet been fully established. It appears to the Advisory Committee that there is not yet a common understanding of the definition or the application of the best value for money principle in the Secretariat. **The Committee therefore recommends that a clear definition of the principle be established and that unambiguous and transparent guidelines for its application in procurement activities be developed in order to ensure fairness, integrity and transparency, as well as effective international competition and protection of the interests of the United Nations when awarding contracts. Furthermore, the Committee emphasizes that attention should be paid, when developing the definition, policy and guidelines related to the best value for money principle, to ensuring that its application at the United Nations enables the full participation of vendors from all countries and that it does not have the effect of restricting procurement opportunities for developing countries and countries with economies in transition.**

Information technology support

24. The Advisory Committee notes the challenges faced by the Procurement Division as regards its current information systems (see A/62/525, para. 71), including the lack of integrated, real-time systems, which is said to hinder the Division's ability to optimize its operations and implement parts of its reform agenda. The implementation of the future enterprise resource planning system should be key to the efficient and effective management of Secretariat-wide procurement activities. In this context, the Committee also notes that the Division is participating actively in working groups established for the identification of functional requirements for the enterprise resource planning system. In addition, the Procurement Division intends to strengthen its acquisition support for information and communications technology to deal with the complexity and volume of procurement that is expected in connection with the acquisition of enterprise systems and the related information and communications technology infrastructure requirements.

25. **The Advisory Committee trusts that the Chief Information Technology Officer will examine the requirements of the Procurement Division comprehensively in the context of the forthcoming detailed report on the enterprise resource planning system, to be submitted for consideration by the General Assembly at its resumed sixty-second session.**

IV. Strategic management of United Nations procurement

High-level Committee on Management Procurement Network

26. The Advisory Committee notes that at its meeting in March 2007, the High-level Committee on Management designated the Inter-Agency Procurement Working Group as the new procurement network of the Committee and renamed it the High-level Committee on Management Procurement Network. The network has formed sub-working groups to focus on four broad areas, namely, United Nations reform, vendor management, procurement professionalization and access for suppliers from developing countries and countries with economies in transition.

27. **The Advisory Committee is concerned about the slow rate of progress in exploiting the potential for achieving significant savings and efficiencies and reducing duplication and waste through strengthened inter-agency coordination. It recommends that the Secretary-General be requested to intensify his efforts and exercise his leadership as Chairman of the United Nations System Chief Executives Board for Coordination to strengthen coordination and cooperation among the organizations of the United Nations system.**

Lead agency concept

28. The Secretary-General has indicated that discussions on the implementation of a lead agency concept for commonly procured products and services, aiming to achieve savings through economies of scale, continue in the context of the Procurement Network. In the meantime, the Secretariat procures goods and services through the lead agency mechanism on an ad hoc basis when other organizations within the United Nations system have existing contracts with favourable terms and

conditions. The Committee believes that the lead agency concept should be explored further in view of its potential for achieving economies of scale and eliminating duplication. **The Committee recommends to the Assembly that it request the Secretary-General to continue discussions on the lead agency concept in the framework of the High-level Committee on Management Procurement Network and to report thereon in the context of his next report on procurement activities. In that connection, the Committee also points out that the Secretary-General has not yet responded to the request made by the General Assembly in paragraphs 25 and 26 of its resolution 61/246.**

Improving procurement opportunities for developing countries and countries with economies in transition

29. The trends in procurement from developing countries and countries with economies in transition for 2001 to 2006 are illustrated in figure V of the report of the Secretary-General. The limitations of the statistical analysis of the underlying data are set out in paragraphs 85 to 88 of the report, in particular as regards countries of origin. The data can, however, be compared over a period of years, since the collection methods have been consistent. The combined purchases from developing countries and countries with economies in transition represent approximately 53 per cent of the value of Secretariat procurement, totalling $2.13 billion in 2006 (see A/62/525, table 6), an improvement from 45 per cent in 2005 (see A/60/846/Add.5, table 4).

30. The Advisory Committee notes that during the 2006-2007 period, the Secretariat has largely used business seminars to increase awareness among vendors in developing countries and countries with economies in transition. Data on the completed and planned business seminars for 2006 and 2007 (see A/62/525, table 9) indicate that a total of 43 business seminars were organized, of which 19 took place in developing countries, 3 in countries with economies in transition and 21 in industrialized countries. As at October 2007, there were 987 registered vendors from developing countries and countries with economies in transition and 4,377 from industrialized countries.

31. Other initiatives proposed for increasing opportunities for vendors in developing countries and countries with economies in transition are outlined in paragraphs 120 to 129 of the report of the Secretary-General, including:

(a) Moving from generic to targeted business seminars;

(b) Increased dissemination of information and extensive market research;

(c) Greater delegation of local procurement authority for core requirements;

(d) Streamlining and simplification of the vendor registration and management processes;

(e) Establishment of business centres in selected peacekeeping missions on a trial basis in the next financial period;

(f) Increased partnership and cooperation with other organizations of the United Nations system and Member States;

(g) Modification of vendor preselection and evaluation criteria to draw medium-sized companies, which constitute the majority of vendors in developing

countries, into the competition for contracts while ensuring fairness and wider geographical distribution;

(h) Introduction of special evaluation criteria to promote local capacity-building;

(i) Encouraging bidding by vendors from developing countries and countries with economies in transition in joint business ventures with vendors from industrialized countries.

32. In its resolution 61/276 (sect. XIX, para. 4), the General Assembly requested the Secretary-General to identify obstacles preventing the participation of developing countries and countries with economies in transition in United Nations procurement contracts. **While the Advisory Committee recognizes the merit of continuing the organization of business seminars in developing countries and countries with economies in transition, it requests the Secretary-General to pursue his efforts to implement the other initiatives outlined above and to intensify the exploration of additional innovative ways to promote procurement from developing countries and countries with economies in transition.**

V. Other issues

Procedures for peacekeeping operations

33. In his report on procurement reform (A/60/846/Add.5), the Secretary-General pointed out that the existing policies and procedures impeded fast and flexible procurement, in particular in the context of the start-up or rapid and large-scale expansion of peacekeeping missions. He emphasized the importance of meeting new and rapidly evolving requirements in very short time frames to support the Organization's ability to implement its mandate as well as to contain costs. Furthermore, the Secretary-General has repeatedly emphasized the increase in both the value and the complexity of procurement in support of peacekeeping operations, which involves sophisticated supply chains and requires the negotiation of more detailed terms and conditions of contract compared with the procurement of more generic categories of goods and services in other areas, which requires few or no negotiations with suppliers.

34. While the Secretary-General has made some individual proposals for improving the procurement process in peacekeeping operations, such as, for example, in the simplification of vendor registration, there has not been an attempt to review the policies and procedures comprehensively to meet the specific needs of field operations. **The Advisory Committee recommends that the Secretary-General be requested to address this gap in his proposals.**

VI. Conclusion

35. **Subject to the foregoing comments, the Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General (A/62/525).**

Annex I

Status of implementation of proposed action on procurement reform[a]

(As at February 2008)

Category	*Completed*	*Implemented but ongoing*	*In progress*	*Not started*	*New target date*
Ethics and integrity					
Develop and implement an ethics and integrity programme for the Procurement Service			✓		31 March 2008
• All Procurement Service staff have attended a special procurement ethics training course	✓				
• In addition to the above, all Procurement Service staff have attended mandatory ethics training established for Department of Management staff	✓				
• Establishment of Ethics Office and release of the "whistle-blower" protection policy further strengthen and augment this recommendation	✓				
• Financial disclosure is required of all staff involved in procurement activities	✓				
• Ethics guidelines for procurement staff are under final internal review and are planned to be issued in 2006			Under discussion		1 June 2008
• Resources have been requested for the establishment of a Planning, Compliance and Monitoring Section to lead, among other responsibilities, the ethics and integrity programme for the Procurement Service	✓				
• In the meantime, a few staff are temporarily undertaking this responsibility on a part-time basis	✓				
Management and staff					
Significant reinforcement of Procurement Service resources	✓				

[a] As set out in document A/60/846/Add.5 and Corr.1.

Category	*Completed*	*Implemented but ongoing*	*In progress*	*Not started*	*New target date*
• In addition to the resources requested under the support account for peacekeeping operations, further resources are being proposed	✓				
Develop and implement a communications programme for the Procurement Service			(Plan to be developed)		1 March 2008
• Communications are regularly sent to all staff and various offices on procurement issues	✓				
• A weekly management meeting is held with Procurement Service section chiefs for communication of management issues; periodic meetings are held with all procurement staff	✓				
Review current appointments of chief/director of administration and section chief with fiduciary responsibilities	✓				
• Appointment for senior staff involved in procurement are being reviewed and action is being taken in accordance with the established procedures for new appointments	✓				
Establishment of new management structure: one D-2 and two D-1 posts			(Recruitment in progress)		31 March 2008
There is proper care and attention to selection of employment of staff in Department of Peacekeeping Operations missions for posts with significant fiduciary responsibilities		Department of Peacekeeping Operations			
• Action is being taken for selection of field procurement staff through the technical clearance process in place whereby these are reviewed by the Procurement Service		✓			Ongoing
Procurement process					
Update the Procurement Manual	✓				
• Release of new amendments to Procurement Manual in June 2006 and November 2007	✓				

Category	*Completed*	*Implemented but ongoing*	*In progress*	*Not started*	*New target date*
• Continuous/regular amendments to manual to reflect best practices		✓			Ongoing
Management of conflict-of-interest risks by requesting prospective vendors to disclose recruitment of former United Nations staff			✓		
• Revised terms and condition for tender documents in effect to address the issues that have been put in place			✓		
• Promulgation of the Secretary-General's bulletin on post-employment restriction and updating of supplier code of conduct	✓				
Strengthen the invoice payment approval functions	✓				
• Ongoing management effort to comply with established procedures in invoice processing		✓			
• Transfer Department of Peacekeeping Operations invoice-processing functions from procurement units to finance units to ensure segregation of duties in peacekeeping missions, under way, to be completed by year's end	✓				
Strengthen the procedure for obtaining and maintaining performance bonds through an exhaustive inventory and follow up with vendors when bonds are not provided in compliance with contracts	✓				
• An ongoing management effort to follow up with vendors for compliance with contractual requirements		✓			
• Inventory completed and database updated prior to transfer of the functions to maintain performance bonds to the Treasury	✓				
• Responsibility for maintenance of performance bonds has been transferred to the Treasury	✓				
Procurement Reform Implementation Team to implement an online Procurement Manual and content management system			✓		30 June 2008

Category	*Completed*	*Implemented but ongoing*	*In progress*	*Not started*	*New target date*
Governance					
Monitor cumulative awards to each vendor and develop a vendor risk profile		✓			Ongoing
• A reporting system is already available to monitor cumulative awards	✓				
• In the future to be managed by a Planning, Compliance and Monitoring Section		✓			Ongoing
• In the meantime, a risk-profile review for various new contracts is being undertaken	✓				
Proactively track and act upon critical assessment and audit findings	✓				
• An ongoing management initiative with further emphasis being placed on complying within agreed time frames to all audit findings		✓			Ongoing
Establish effective management reporting processes	✓				
• Diagnostic tools have been developed to identify potential anomalies in financial transactions and review enhancement of current reporting system	✓				
• Further enhancement to be implemented in conjunction with the introduction of the enterprise resource planning system			✓		Ongoing beyond June 2008
Identify and prioritize existing systems improvement opportunities					
• To be implemented as part of the Procurement Reform Implementation Team agenda in consultation with other stakeholders		✓			Ongoing
Restructure the Headquarters Committee on Contracts	✓				
• The Secretariat of the Committee is no longer under the control of the Chief Procurement Officer and is now attached to the Office of the Under-Secretary-General for Management	✓				

Category	*Completed*	*Implemented but ongoing*	*In progress*	*Not started*	*New target date*
• Resources have been requested under the support account for peacekeeping operations to strengthen its capacity	✓				
• A review of Committee procedures has been undertaken	✓				
Conduct organizational assessment of the Procurement Service	✓				Ongoing
• An initial assessment for organizational changes has been completed and resources have been requested for the establishment of additional posts in a revised organizational structure of the Service	✓				
• A joint working group of the Department of Management and the Department of Peacekeeping Operations will review the establishment of clear and effective lines of authority, responsibility and accountability between Headquarters and field offices for procurement	✓				Informal working group of the Department of Field Support and the Procurement Division
• To be implemented by the Procurement Reform Implementation Team (in conjunction with the Department of Management and the Department of Field Support; not a specific deliverable)					
Information systems					
Document procurement system functional requirements			✓		30 June 2008
• To be implemented by the Procurement Reform Implementation Team in consultation with the Information Technology Services Division					
• Work has begun on identifying main requirements for updating the present field procurement system to take Headquarters requirements into consideration			✓		

Category	*Completed*	*Implemented but ongoing*	*In progress*	*Not started*	*New target date*
• Other options, including use of enterprise resource planning and open source software, are to be reviewed by defining and validating procurement and financial system requirements			✓		30 June 2008
Participate in enterprise resource planning system selection and implementation			✓		Ongoing beyond June 2008
• To be undertaken as part of the Secretary-General's reform proposal					
Efficient acquisition planning and coordination					
Prepare adequate plans with formal inputs from peacekeeping missions based on actual needs		✓			Ongoing
• An ongoing management effort to ensure proper acquisition planning has been intensified to ensure coordinated procurement actions		✓			
Perform strategic planning		✓			
• Action is being taken for improved acquisition planning, consolidation of requirements and use of longer-term contractual arrangements, including collaboration with other United Nations organizations under the lead agency concept, which will result in overall cost avoidance for the acquisition of goods and services for the United Nations system as a whole		✓			Ongoing
Contract management					
Review the adequacy of procedures for handling disputes with vendors			✓		31 March 2008
• To be implemented by the Procurement Reform Implementation Team in consultation with the Department of Peacekeeping Operations and the Office of Legal Affairs					

Category	*Completed*	*Implemented but ongoing*	*In progress*	*Not started*	*New target date*
• Monitoring of adequacy of procedures to be taken over by the Planning, Compliance and Monitoring Section once established				✓	30 June 2008
In consultation with the Department of Peacekeeping Operations and the Office of Legal Affairs, establish a mechanism to coordinate operational action in dealing with protests			✓		31 March 2008
Clarify the best value for money principle and provide training to procurement staff		✓			Ongoing
Career development programme					
Work has commenced by the Procurement Reform Implementation Team with assistance from the Office of Human Resources Management in developing competency modules for the Procurement Service			✓		30 June 2008
Work has commenced by the Procurement Reform Implementation Team with assistance from the Office of Human Resources Management in revising hiring standards and processes for the procurement staff			✓		30 June 2008
Update the performance management process in the Procurement Service			✓		30 June 2008
• A review of new policies and rules for management of procurement staff is being initiated in consultation with the Office of Human Resources Management			✓		30 June 2008
• Additional changes in performance management will be part of the Procurement Reform Implementation Team agenda		✓			Ongoing
Increase procurement opportunities for and participation of vendors from developing countries and economies in transition		✓			

Annex II

Major Procurement Manual revision topics proposed for 2008

1. Explanation/description of the four procurement principles, including best value for money
2. Invoicing
3. Sustainable/green procurement
4. Authority and delegations of authority; structure and authority of the Procurement Division
5. Ethics and professional responsibility (e.g., post-employment obligations)
6. Fraud
7. Vendor registration procedures and requirements
8. Acquisition planning
9. Requisitions
10. Exceptions to competitive bidding; exigency
11. Identification of invitees, expression of interest
12. Form and content of solicitation documents
13. Performance/bid bonds
14. INCOTERMS international commercial terms
15. Issuance of solicitation documents
16. Contact with bidders
17. Form and transmission of submissions
18. Treatment of submissions, e.g., receipt and opening of bids
19. Bid summary sheet; solicitation abstract sheet
20. Source selection, e.g., evaluation of bids/proposals, awards
21. Trade-in
22. Best and final offer; negotiation with vendors
23. Headquarters Committee on Contracts, local committees on contracts: organization, authority, thresholds, cases requiring review, ex post facto cases
24. Contractual instruments
25. Letters of assist/memorandums of understanding
26. Bid protest system (Vendor Review Board) and vendor debriefing
27. Delivery/receipt of goods/services: procedures
28. Contractor performance evaluation and rating

29. **Sale of United Nations property**

30. **Filing system/document management**

31. **Emergency/accelerated procurement**

32. **Whether certain provisions relating to missions should also apply to offices away from Headquarters**

33. **Standards to guide discretionary decisions (e.g., acceptance of late bids; acceptance of unsolicited submissions)**

34. **Addressing changing structure of Procurement Division and other offices**

35. **Procurement of legal services and other complex professional services**